

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Bridging the Digital Divide for Low-Income Consumers)	WC Docket No. 17-287
)	
Lifeline and Link Up Reform and Modernization)	WC Docket No. 11-42
)	
Telecommunications Carriers Eligible for Universal Service Support)	WC Docket No. 09-197
)	

**REPLY COMMENTS
OF
SPRINT CORPORATION**

Sprint Corporation (“Sprint”) hereby respectfully submits its reply to comments filed on the Notice of Proposed Rulemaking (“NPRM”) and Notice of Inquiry (“NOI”) in the above-captioned proceedings.¹ Sprint briefly addresses three issues raised by commenting parties: that the effectiveness and efficiency of the Lifeline program can be maximized by concentrating regulatory and industry resources on the enhancement and smooth implementation of the National Verifier; that a self-enforcing cap on the Lifeline program would jeopardize efforts to bridge the digital divide; and that receipt of Lifeline support should not be conditioned on network build-out.

1. Resources Should Be Devoted to the Enhancement and Smooth Implementation of the National Verifier

There is broad consensus among commenting parties that the most effective way to address waste, fraud and abuse in the Lifeline program is to proceed apace with the

¹ *Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry*, released December 1, 2017 (FCC 17-155) (“NPRM”).

implementation of the National Verifier.² Having a centralized neutral party determine Lifeline end user eligibility (initially and annually through the recertification process) eliminates a service provider's incentive and ability to enroll unqualified end users, ensures that eligibility determinations are being made consistently, offers administrative efficiencies and cost savings, and reduces carriers' exposure to enforcement activity associated with incorrect eligibility determinations. The timely and smooth implementation of the National Verifier will enhance the effectiveness and viability of the Lifeline program.

Commenting parties offered suggestions to maximize the effectiveness of the National Verifier system and help ensure its smooth implementation, which the Commission should adopt and incorporate into the deployment plan. First, as recommended by Q Link, the National Verifier should create APIs "that allow ETCs to assemble documentation on behalf of users and communicate with the National Verifier electronically to verify eligibility."³ As Q Link correctly pointed out, service providers are in the best position to collect identity and eligibility documentation from end users, as they have the experience and resources to handle this function. The transfer of such information to the National Verifier on a machine-to-machine basis requires the implementation of appropriate APIs, and the development and incorporation of APIs into the National Verifier system accordingly should begin immediately.

Second, as recommended by Verizon (p. 7) and Q Link (p. 15), USAC/the National Verifier should incorporate a check of the Social Security Master Death Index as part of its

² See, e.g., Sprint, p. 2; US Telecom, p. 2; NaLA, p. 2; Verizon, p. 2; CTIA, p. 3; Q Link, p.5; ITIF, p. 6; GCI, p. 15; Cities of Boston, et al., p. 17; Rainbow Push Coalition, p. 3; TracFone, p. 3.

³ Q Link, p. 5.

eligibility determination procedures. This would ensure that deceased end users are not improperly enrolled or kept on the Lifeline program.⁴

Third, as Sprint and Smith Bagley explained, the Commission should reject the proposal to halt new Lifeline enrollments “in any state at any point if the launch of the National Verifier has been unnecessarily delayed in that state.”⁵ This proposal is unreasonably vague, and it is unfair to penalize end users and service providers for delays in the deployment of the National Verifier that are outside their control. Sprint vigorously supports the timely implementation of the National Verifier; however, if there is any delay, Lifeline enrollments should continue with eligibility determinations made, as they are today, by neutral third parties or stand-alone (not yet integrated with the National Verifier system) state databases.

2. A Self-Enforcing Cap on the Lifeline Program Would Jeopardize the Goal of Bridging the Digital Divide

Bridging the digital divide is the Commission’s top priority;⁶ indeed, the lead docket in the instant proceeding is entitled “Bridging the Digital Divide for Low-Income Consumers.” Lifeline is the Commission’s primary end user-focused tool for helping low-income Americans gain access to critical voice and broadband services. The proposal to implement a self-enforcing cap on the Lifeline program could inflict serious harm on low-income Americans participating or hoping to participate in the Lifeline program. Because it jeopardizes the goal of bridging the digital divide, this proposal should be rejected.

⁴ It is important to note that Lifeline rules currently do not require service providers or other parties to check the Master Death Index. Thus, service providers should not be held liable for requesting Lifeline support for end users whom the service provider is unaware are deceased.

⁵ See, e.g., Sprint, p. 12; Smith Bagley, p. 6.

⁶ See, e.g., Sprint, fn. 7, quoting Chairman Pai.

By some estimates, only one-third of low-income end users who are eligible to participate in the Lifeline program currently do so.⁷ Imposition of a self-enforcing cap to the Lifeline program, which involves the possibility of reduced benefits and/or a halt to new enrollment, could reduce the participation rate, in direct contravention of the Commission's goal of bridging the digital divide, involves difficult and contentious operational issues, and raises the possibility of non-compensatory support for mandated service levels.⁸ There is no evidence that the current budget approach adopted in the *2016 Lifeline Order*⁹ is not working, or that Lifeline customers are not receiving the full value of the current federal \$9.25 support payment. The threat to Americans on the wrong side of the digital divide posed by a self-enforcing Lifeline cap is far greater than any purported benefits, and the cap proposal should accordingly be rejected for this reason alone.

3. Lifeline Support Should Not Be Conditioned on Network Build-Out

The Commission should not condition the receipt of Lifeline support on network build-out. The mission of the Lifeline program is to make voice and broadband service affordable to low-income Americans; it was not designed or intended to promote broadband infrastructure deployment. Accordingly, the Commission should reject any suggestion that the Lifeline program can or should be reformulated into a vehicle for improving the business case for network deployment.¹⁰

⁷ See, e.g., National Hispanic Media Coalition, p. 23 (citing USAC data); see also, MMTC *et al.*, p. 15.

⁸ See, e.g., Sprint, p. 3; MMTC *et al.*, p. 14; Q Link, p. 19; US Telecom, p. 8; New York PSC, p. 2; Cities of Boston *et al.*, p. 20; NaLA, p. 79; Verizon, p. 10; CTIA, p. 21; NAACP, p. 2; NHMC, p. 23; Rainbow Push Coalition, p. 2; Smith Bagley, p. 14.

⁹ *Lifeline and Link Up Reform and Modernization, Third Report and Order*, 31 FCC Rcd 3962, para. 399 (2016).

¹⁰ See, e.g., Sprint, p. 20; Verizon, p. 9 (quoting Federal-State Joint Board on Universal Service, 12 FCC Rcd 8776 (1997); ITIF, p. 5; CTIA, p. 17; TracFone, p. 30; NHMC, p. 6.

Service provider participants in the Lifeline program face modest per-customer subsidies, razor-thin margins, high churn rates, a lack of guaranteed support, increasing minimum service standards, and the possibility of a program cap. These characteristics make Lifeline USF an inappropriate vehicle for financing capital investments, which are large, lumpy, and involve significant recurring operating expenses. Lifeline, unlike CAF or Mobility Fund support payments (which, once awarded, do not vary based on number of customers and are guaranteed for a 10-year period), cannot easily or reliably be applied to capital expenditures. Thus, even if infrastructure deployment were the core mission of the Lifeline program (which it is not), the nature of the program simply does not support such an undertaking. The Commission should accordingly decline to condition receipt of Lifeline support on network build-out.

Respectfully submitted,

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